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Federal Assistance Programs for Biodiesel Production

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Bioenergy

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Renewable Energy for America Program (REAP)

REAP helps finance the purchase of renewable energy systems or to make energy-efficiency improvements on already existing buildings/systems. These systems will require a business level feasibility study as part of the application if the requested amount is over $200,000. If a feasibility study is needed, the cost for this can also be included in the overall project costs in the same grant application.

What can it be used for?

The REAP funds can be used for the purchase and installation of renewable energy systems such as biomass, hydroelectric, anaerobic digesters, geothermal, hydrogen, wind and solar. Energy systems involving biomass include any that produce fuel like biodiesel, thermal energy or electricity from biomass.

Who is eligible?

Eligible applicants are agricultural producers and small businesses located in rural areas. Urban agricultural producers may also be eligible. Agricultural producers must derive at least 51% percent of their gross annual income from agricultural operations.

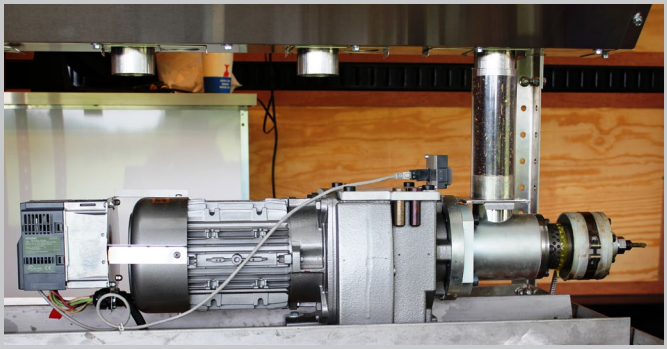
Any area except cities with populations over 50,000 or the adjacent urbanized area is eligible.

How much is available?

Renewable energy system grants: $2,500 to $500,000
Eligible for up to 25% of project costs.

Energy efficiency improvement grants: $1,500 to $250,000
Eligible for up to 25% of project costs.

Loan guarantees: $5,000 to $25 million



Oilseed press required for crushing oilseeds and releasing oil that is later converted to biodiesel using a biodiesel processor (below). This particular piece of equipment was purchased by TSU for about $8,200.

Biodiesel processor required for converting virgin or waste vegetable oil to biodiesel. This particular piece of equipment was purchased by TSU for about $3,100.

Example of award recipient

A company, greenGALLON solutions™, Cookeville, TN., used a $462,500 grant to purchase biorefinery equipment to increase biodiesel capacity in 2008. The company's strategy is to create a strategic network of its green MICRO™ refineries to meet the growing demand for alternative fuels.

For more information:

www.rurdev.usda.gov/TN-Energy.html

or contact your Tennessee Rural Development Energy Programs Coordinator:

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Value-Added Producer Grant (VAPG) Program

The objective of the program is to help agricultural producers enter into value-added activities related to the processing and/or marketing of bio-based value-added products like biodiesel. This type of grant is more for those that wish to sell their biodiesel product.

What can it be used for?

Eligible grant funds can be used for planning purposes or as working capital for value added projects, new or existing, which will increase revenue to the producer. Planning purposes can include feasibility studies or business plans.

Who is eligible?

Applicants are independent producers, farmer or rancher cooperatives, and majority-controlled producer-based business ventures. To be eligible, the applicant must produce 50% or greater of the raw commodity that will be used in this value-added product.

Eligible areas have no population restriction.

How much is available?

Maximum Grant Amount: $75,000 for planning grants; $200,000 for working capital grants.

Eligible for up to 50% of project costs.

Example of award recipient

The Fullen Brothers Farm, Ripley, TN., was awarded a $95,000 planning grant (at that time planning grants could be awarded for more than $75,000) in 2012 to identify the potential uses of an alternative crop crushing facility. The study is being conducted with the assistance of BioDimensions Renewable Oils, Inc. and is looking at specific types of oilseeds, their individual qualities and subsequent production as well as crop planning and rotation.

The VAPG program can be used by those that wish to sell the biodiesel they produce.

For more information:

www.rurdev.usda.gov/BCP_VAPG.html

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